

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 L-02 JUSE-00 COME-00 /028 R

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DRAFTED BY EB/CBA/BP:RJBUSHNELL:VJW

APPROVED BY EB/CBA/BP:HJWINTER

L/AF - FKWILLIS

AF/S - RJDOLS

EUR/WE - EBIEGEL

JUSTICE - SKILGRIFF

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FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

INFO AMCONSUL JOHANNESBURG

AMCONSUL CAPE TOWN

C O N F I D E N T I A L STATE 119239

E.O. 11652: GDS

TAGS: ETRD, US, SF, NL, LU

SUBJECT: ANTITRUST: INTERNATIONAL DIAMOND TRADE

REF: STATE 053446 (NOTAL); PRETORIA 0088 (NOTAL);

PRETORIA 01234, APRIL 9, 1975

CAPE TOWN FOR EMBASSY

1. QUOTED BELOW IS LETTER JUST RECEIVED FROM JUSTICE

DEPARTMENT REQUESTING INFORMATION NEEDED IN CONNECTION

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WITH AN ANTITRUST CASE INVOLVING POSSIBLE PRICE-FIXING

AND MARKET-ALLOCATION IN THE INTERNATIONAL DIAMOND TRADE:

2. BEGIN QUOTE -- THERE HAVE BEEN A NUMBER OF COMMUNICATIONS FROM THE U.S. EMBASSY IN SOUTH AFRICA CONCERNING THE REQUEST BY THE DEPARTMENT OF JUSTICE FOR INFORMATION AS TO THE ULTIMATE OWNERSHIP OF LONGYEAR COMPANY OF THE UNITED STATES. LONGYEAR IS OWNED BY LONGYEAR INTERNATIONAL, B.V. OF THE NETHERLANDS. THE "B.V." CORPORATE FORM IN THE NETHERLANDS REQUIRES LITTLE OR NO PUBLIC DISCLOSURE OF OWNERSHIP, BUT OUR EVIDENCE INDICATES THE ULTIMATE OWNERSHIP LIES IN SOUTH AFRICA.

-- THE LATEST COMMUNICATION FROM THE EMBASSY (PRETORIA) INDICATES THAT A RELIABLE SOURCE HAS STATED THAT LONGYEAR IS OWNED BY BOART INTERNATIONAL (PRESUMABLY BOART INTERNATIONAL LUXEMBOURG S.A.H.). THE SAME SOURCE STATES THAT BOART INTERNATIONAL OWNS BOART AND HARD METAL PRODUCTS S.A. LIMITED. OUR EVIDENCE, HOWEVER, SHOWS THAT BOART AND HARD METAL PRODUCTS S.A. LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED, OWNS 100 PERCENT OF BOART INTERNATIONAL, AND NOT VICE VERSA, AS THE RELIABLE SOURCE STATES. ALTHOUGH THERE IS A GOOD CHANCE THAT BOART INTERNATIONAL IS THE OWNER OF LONGYEAR INTERNATIONAL, WE ARE ASKING CORROBORATION OF THIS FACT, INCLUDING A SEARCH OF ANY OFFICIAL SOUTH AFRICAN RECORDS.

SOME OF THE POSSIBLE VEHICLES FOR OWNERSHIP OF LONGYEAR INTERNATIONAL IN SOUTH AFRICA ARE THE FOLLOWING:

-- BOART AND HARD METAL PRODUCTS S.A. LIMITED
-- ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
-- ANGLO AMERICAN INVESTMENT TRUST LIMITED
-- ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED
-- DEBEERS INDUSTRIAL DIAMOND DIVISION LIMITED

-- WE ALSO REQUEST THAT THE U.S. EMBASSY IN LUXEMBOURG SEARCH ANY SOURCE OF INFORMATION AT ITS DISPOSAL FOR THE POSSIBLE OWNERSHIP OF LONGYEAR INTERNATIONAL BY A LUXEMBOURG CORPORATION. TWO POSSIBILITIES WOULD BE BOART
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INTERNATIONAL LUXEMBOURG S.A.H. OR H.D. DEVELOPMENT LIMITED.

-- FINALLY, WE REQUEST THAT THE U.S. EMBASSY IN THE NETHERLANDS TRY TO DETERMINE THE OWNERSHIP OF LONGYEAR INTERNATIONAL THROUGH ANY PUBLIC OR PRIVATE SOURCES IN THAT COUNTRY. END QUOTE.

3. ACTION: DEPARTMENT WOULD APPRECIATE PROMPT ASSISTANCE BY ADDRESSEE POSTS IN SUPPLYING INFORMATION

REQUESTED BY JUSTICE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANTITRUST, DIAMONDS, TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchandr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE119239
Document Source: CORE
Document Unique ID: 00
Drafter: RJBUSHNELL:VJW
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750179-0964
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750530/aaaabarz.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 053446, 75 (NOTA PRETORIA 0088
Review Action: RELEASED, APPROVED
Review Authority: buchandr
Review Comment: n/a
Review Content Flags:
Review Date: 05 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 JUN 2003 by WorrelSW>; APPROVED <16 OCT 2003 by buchandr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST: INTERNATIONAL DIAMOND TRADE
TAGS: ETRD, US, SF, NL, LU
To: PRETORIA LUXEMBOURG
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006